



DEPARTMENT OF THE NAVY
NAVAL AIR SYSTEMS COMMAND
NAVAL AIR SYSTEMS COMMAND HEADQUARTERS
WASHINGTON, DC 20361

IN REPLY REFER TO

NAVAIRINST 4860.4A
AIR-7123
19 September 1983

NAVAIR INSTRUCTION 4860.4A

From: Commander, Naval Air Systems Command

Subj: Commercial Activities (CA) Program

Ref: (a) OMB Circular A-76 (NOTAL)
(b) SECNAVINST 4860.44C (NOTAL)
(c) OPNAVINST 4860.6C
(d) Section 502 of the Defense Authorization Act of 1981
(P.L. 96-342)
(e) NAVMATINST 4860.18 (NOTAL)
(f) NAVAIRINST 5451.67B, Policy on exercise of command and support responsibilities for shore activities of the Naval Air Systems Command

1. Purpose. To assign responsibilities and provide policy for implementation of the Commercial Activities (CA) Program in the Naval Air Systems Command (NAVAIRSYSCOM).

2. Cancellation. This instruction supersedes NAVAIR Instruction 4860.4 of 13 February 1979. Report Symbol DD-M(A)799(4860) and NAVMIRO Form 4860/4 have been canceled. Since this is a major revision, changes are not indicated.

3. Background

a. Reference (a) provides the foundation for the CA Program. It has been implemented by several Department of Defense and Navy documents as cited by references (b) through (f). The thrust of the CA Program consists of the following:

(1) Government agencies are required to make periodic reviews and conscious decisions by means of CA procedures including comparative cost studies, regarding whether the needs of the Government are best met by providing CA services or products by government resources (in-house) or by contracting for them.

(2) Review decisions and cost studies are to be fully documented and consistent with Navy policies and procedures.

b. The ramifications of this program are of specific concern to the President, the Office of Management and Budget, Congress, a large segment of private industry, and to individuals and lower echelon organizations within the Federal Government. It is therefore, imperative that NAVAIRSYSCOM have a clearly delineated organizational structure for implementation of the CA Program, and that such implementation be based on current policies to the maximum practical degree.

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4. Policy. The Commander, NAVAIRSYSCOM fully supports the objectives of the CA Program, including

a. the proper categorization of positions and billets within the functional areas of appendix A of reference (c) for annual CA inventory reports;

b. the recommendation to retain in-house, only those functions where no satisfactory commercial source is available; and those functions needed to ensure a ready and controlled source of technical competence and resources to meet effectively and efficiently peacetime, mobilization, and sustained combat equipment readiness requirements; and

c. the recommendation to conduct a cost comparison of in-house versus contract cost when the reasons in paragraph 4b above do not apply.

5. Responsibilities. Proper and timely execution of the specific CA responsibilities cited below, which constitute a representative vice definitive CA action list, is of particular importance to the conduct of a well managed CA Program within NAVAIRSYSCOM.

a. NAVAIRSYSCOM Headquarters (HQ)

(1) Management Programs Branch (AIR-7123) is assigned command support responsibilities for directing, controlling, and coordinating the overall CA Program for NAVAIRSYSCOM. AIR-7123 will

(a) monitor the overall CA Program within NAVAIRSYSCOM;

(b) evaluate reviews, annual inventory and other reports, and obtain necessary corrections prior to forwarding to higher echelons;

(c) monitor cost study actions on a case by case basis including the scope of function proposed for study, the content of study documents, statements of work and progress milestones;

(d) provide CA Program status as required;

(e) provide CA policy guidance, advice, and direction, in conjunction with appropriate primary support official (PSO) coordinators, so that

1 adequate manpower resources are applied to meet CA reporting requirements and the timely execution of cost studies;

2 ceiling points provided for CA administration are used for CA work; and

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3 decisions regarding continued in-house performance, conversion from in-house to contract, or conversion from contract to in-house performance of any CA function are implemented expeditiously in accordance with applicable CA policies;

(f) promptly provide all changes or modifications to CA policies or procedures to CA coordinators;

(g) identify common problems relating to CA policy and procedures, and either provide direct guidance or seek solutions from higher authority;

(h) ensure that all CA submissions to higher authority are timely, accurate, and consistent with CA policies;

(i) ensure that the CA Program is coordinated with related programs such as Shore Requirements, Standards and Manpower Planning Systems, productivity enhancement efforts, and efficiency reviews;

(j) coordinate training needs of personnel with assigned CA responsibilities;

(k) provide cost study appeal staff support; and

(l) coordinate all field activity CA requirements through the appropriate PSO CA coordinator.

(2) NAVAIRSYSCOMHQ assistant commanders with PSO responsibilities for assigned field activities, as designated by reference (f), will designate an individual as a CA coordinator to manage all CA actions for field activities under their jurisdiction. PSO CA coordinators will

(a) provide information and advice on CA Program policies and procedures, and analyze and provide advice on CA Program impact to field activity organization, mission, and resources;

(b) ensure that all other NAVAIRSYSCOMHQ offices, that could be affected by a specific proposed CA action, be informed of and provided opportunities to review and comment on, the proposed action;

(c) ensure timely submission of CA reports from NAVAIRSYSCOM field activities, and analyze field activity submissions for accuracy and validity, forwarding comments and recommendations to the NAVAIRSYSCOMHQ CA coordinator;

(d) assess, on a case by case basis, field activity CA review justifications and inventory classification of functions, especially those classified as governmental or research, development, test and evaluation;

(e) review, assess, and comment on proposed action requests to field activities;

(f) make decisions, or obtain PSO decisions, regarding any questions arising from potential personnel actions, functional classifications or reorganizations, particularly those associated with CA reviews or "most efficient organization" actions; and

(g) provide CA policy guidance, advice, and direction to field activities so that

1 adequate manpower resources are applied to meet CA reporting requirements and the timely execution of cost studies;

2 ceiling points provided for CA administration are used for CA work; and

3 all dedicated CA personnel and, as appropriate, individuals with collateral CA duties, attend CA training courses.

(3) NAVAIRSYSCOMHQ assistant commanders without PSO responsibilities are responsible for complying with the CA Program policy and procedures for any CA related action within their group.

b. NAVAIRSYSCOM field activities will designate one or more individuals to administer the CA Program at that activity. Field activity coordinators will

(1) advise the head of the field activity, and all other individuals as appropriate, of current CA policies;

(2) inform the field activity commander of all CA directions or requests, and the responses thereto, that are of command level importance, such as annual inventory reports, functional reviews, and CA studies, including major milestone progress reports;

(3) maintain a current record of all CA functions at that activity;

(4) prepare and submit required CA reports;

(5) initiate or monitor all actions which could result in a change of method of performance, particularly CA studies, new starts, and conversions;

(6) establish appropriate teams for the accomplishment of each CA study requirement, and monitor and coordinate the timely actions of all team members;

(7) participate in the selection of personnel to fill dedicated CA positions and to receive CA training; and

(8) provide notification of problems and/or request assistance from NAVAIRSYSCOMHQ (AIR-7123) at any time that major milestone slippages of assigned CA studies are anticipated.

c. Addressees will, in designating CA coordinators, give consideration to the fact that full implementation of an active CA Program can involve a wide range of knowledge and skill including, but not limited to

- (1) program evaluation;
- (2) preparation of detailed specifications;
- (3) contracting, and in particular, formal bidding mechanics;
- (4) economic and cost analysis;
- (5) personnel regulations and management procedures; and
- (6) preparation and submission of detailed CA reports.

6. Action

a. Addressees will submit to NAVAIRSYSCOMHQ (AIR-7123), in writing, the names, codes, and telephone numbers of individuals designated as NAVAIRSYSCOMHQ PSO CA coordinators, or as field activity CA program coordinators. This information shall be updated as necessary.

b. Field activity coordinators will prepare and submit CA reports required by paragraph 5b(4) above as prescribed by references (c) and (e).

7. Reports. The following report symbols have been assigned by reference (c) and are approved until 23 August 1985:


a. Report Symbol DD-M(A)1540(4860), Inventory of DoD Commercial and Industrial Type Activity (CITA) and Contract Support Services.

b. Report Symbol OPNAV 4860-4, New Starts and Expansions for CA Approval.

c. Report Symbol OPNAV 4860-5, Review Format for In-House Navy CA Functions.

d. Report Symbol OPNAV 4860-6, CA Decision Summary Message.

e. Report Symbol DD-M(Q)1542(4860), Status of Announced CITA Cost Comparison Studies.


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Deputy Commander

Distribution: (See next page)

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